United Nations A/68/L.57/Rev.1

General Assembly

Distr.: Limited
28 August 2014

Original: English

Sixty-eighth session
Agenda item 14
Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

Bolivia (Plurinational State of):* revised draft resolution

Towards the establishment of a multilateral legal framework for sovereign debt restructuring processes

The General Assembly,

Recalling the United Nations Millennium Declaration, adopted on 8 September 2000,[1] and the high-level plenary meeting of the General Assembly on the Millennium Development Goals and its outcome document,[2]

Recalling also the 2005 World Summit Outcome,[3] and the follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals,[4]

Recalling further the International Conference on Financing for Development and its outcome document,[5] in which sustainable debt financing is recognized as an important element for mobilizing resources for public and private investment, and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus and its outcome document, the Doha Declaration on Financing for Development,[6] as well as resolution 68/204 of 20 December 2013,

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* On behalf of States Members of the United Nations that are members of the Group of 77 and China.

[1] Resolution 55/2.

[2] Resolution 65/1.

[3] Resolution 60/1.

[4] Resolution 60/265.

[5] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[6] Resolution 63/239, annex.

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Recalling its resolution 68/279 of 10 July 2014, on the convening of the third International Conference on Financing for Development to assess the progress made in the implementation of the Monterrey Consensus and the Doha Declaration, reinvigorate and strengthen the financing for development follow-up process, identify obstacles and constraints encountered in the achievement of the goals and objectives agreed therein, as well as actions and initiatives to overcome these constraints, and address new and emerging issues, including in the context of the recent multilateral efforts to promote international development cooperation, taking into account the current evolving development cooperation landscape, the interrelationship of all sources of development finance, the synergies among financing objectives across the three dimensions of sustainable development, as well as the need to support the United Nations development agenda beyond 2015,

Recalling also the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012, and its outcome document, entitled "The future we want",[7]

Recalling further its resolution 63/303 of 9 July 2009, in which it endorsed the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, held in New York from 24 to 30 June 2009,

Stressing the need to reinforce coherence and coordination and to avoid duplication of efforts with regard to the financing for development process,

Taking note of the report of the Commission of Experts on Reform of the International Monetary and Financial System, convened by the President of the General Assembly at its sixty-third session,[8]

Recalling its resolutions 58/203 of 23 December 2003, 59/223 of 22 December 2004, 60/187 of 22 December 2005, 61/188 of 20 December 2006, 62/186 of 19 December 2007, 63/206 of 19 December 2008, 64/191 of 21 December 2009, 65/144 of 20 December 2010, 66/189 of 22 December 2011, 67/198 of 21 December 2012 and 68/202 of 20 December 2013,

Noting that sovereign debt crises are a recurring problem that involves very serious political, economic and social consequences, and that the restructuring processes of sovereign debt are a frequent phenomenon in the international financial system,

Noting with concern that there remain a number of low- and middle-income developing countries that are still facing difficulties in finding a durable solution to their external debt problems, which could adversely affect their sustainable development,

Recognizing that addressing the sovereign debt problems of developing countries is an important part of international cooperation,

Stressing the importance for developing countries, on a case-by-case basis, of debt relief, including debt cancellation, as appropriate, and debt restructuring as debt crisis prevention and management tools,

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[7] Resolution 66/288, annex.

[8] See A/63/838.

Stressing also the need to work towards the establishment of responsible and preventive financial crisis policies to enhance transparent and sustainable national financial systems,

Recognizing the sovereign right of any State to restructure its sovereign debt, which should not be frustrated or impeded by any measure emanating from another State,

Recognizing also that a State's efforts to restructure its sovereign debt should not be frustrated or impeded by commercial creditors, including specialized investor funds such as hedge funds, which seek to undertake speculative purchases of its distressed debt at deeply discounted rates on secondary markets in order to pursue full payment via litigation,

Noting that private creditors of sovereign debt are increasingly numerous, anonymous and difficult to coordinate and that there are a variety of debt instruments and a wide range of jurisdictions in which debt is issued, thus complicating the restructuring of sovereign debt,

Noting also the concern expressed in the declaration of the Summit of Heads of State and Government of the Group of 77 and China on the theme "For a New World Order for Living Well", held in Santa Cruz de la Sierra, Plurinational State of Bolivia, on 14 and 15 June 2014, concerning the so-called "vulture funds" and their actions of a highly speculative nature, which pose a risk to all future debt restructuring processes, for both developing and developed countries,

Taking into account the initiatives studied in the framework of the International Development Association of the World Bank and the International Monetary Fund to address the activities of the so-called "vulture funds", with the objective of, inter alia, preventing such funds from benefiting from litigation initiated against indebted countries, which are forced to divert many of their resources to handle such litigation, thereby undermining the purpose of the debt restructuring processes,

Recalling, among other things, the work carried out by the International Monetary Fund in 2003, with the support of the International Monetary and Financial Committee, to formulate a proposal for a sovereign debt restructuring mechanism,

Stressing the importance of the Principles on Promoting Responsible Sovereign Lending and Borrowing issued by the United Nations Conference on Trade and Development on 4 May 2011, which aim to reduce the prevalence of sovereign debt crises, prevent unsustainable debt situations, maintain steady economic growth and help achieve the Millennium Development Goals, encouraging to that end responsible sovereign borrowing,

Stressing also the need to continue to address systemic fragilities and imbalances and the need for continuing efforts to reform and strengthen the international financial system,

Noting with concern that the international financial system does not have a sound legal framework for the orderly and predictable restructuring of sovereign debt, which further increases the cost of non-compliance,

Recognizing the need to create a legal framework that facilitates the orderly restructuring of sovereign debts, allows the re-establishment of viability and growth without creating incentives that inadvertently increase the risk of non-compliance and acts as a deterrent to disruptive litigation that creditors could engage in during negotiations to restructure sovereign debts,

Stressing, in this context, the importance of establishing a clear set of principles for the management and resolution of financial crises that take into account the obligation of sovereign creditors to act in good faith and with a cooperative spirit to reach a consensual rearrangement of the debt of sovereign States,

Recognizing that debt-restructuring processes should have as their core element a determination of real payment capacity so that they do not adversely affect economic growth and the fulfilment of the unfinished business of the Millennium Development Goals, the sustainable development goals and the post-2015 development agenda,

Stressing that, in the restructuring of sovereign debt, the progressive development and codification of international law are necessary in order to make it a more effective means to implement the purposes and principles of the Charter of the United Nations and to give greater importance to its role in the relations among States,

1. *Emphasizes* the special importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries in order to promote their inclusive economic growth and development;

2. *Calls for* the intensification of efforts to prevent debt crises by enhancing international financial mechanisms for crisis prevention and resolution, in cooperation with the private sector, with a view to finding solutions acceptable to all;

3. *Calls upon* all Member States and the United Nations system, and invites the Bretton Woods institutions and the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those related to the question of the external debt sustainability of developing countries;

4. *Recognizes* the roles of the United Nations and the international financial institutions in accordance with their respective mandates, and encourages them to continue to support global efforts towards sustainable development and a durable solution to the problem of the debt of developing countries;

5. *Decides* to elaborate and adopt through a process of intergovernmental negotiations, as a matter of priority during its sixty-ninth session, a multilateral legal framework for sovereign debt restructuring processes with a view, inter alia, to increasing the efficiency, stability and predictability of the international financial system and achieving sustained, inclusive and equitable economic growth and sustainable development, in accordance with national circumstances and priorities;

6. *Also decides* to define the modalities for the intergovernmental negotiations and the adoption of the text of the multilateral legal framework at the main part of its sixty-ninth session, before the end of 2014.